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HOUSE BILL 1204

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State of Washington                      60th Legislature                      2007 Regular Session

By Representatives Chase, Appleton, Haigh, Green and Lantz

Read first time 01/15/2007. Referred to Committee on Finance.

1            AN ACT Relating to property tax relief for qualifying owners of  
2 residential property; amending RCW 84.36.379, 84.36.385, and 84.36.387;  
3 and adding a new section to chapter 84.36 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            **Sec. 1.** RCW 84.36.379 and 2005 c 248 s 1 are each amended to read  
6 as follows:

7            The legislature finds that the property tax exemption authorized by  
8 Article VII, section 10 of the state Constitution should be made  
9 available on the basis of a retired person's ability to pay property  
10 taxes and that the best measure of a retired person's ability to pay  
11 taxes is that person's disposable income as defined in RCW 84.36.383.  
12 The legislature further finds that veterans with one hundred percent  
13 service-connected disabilities have given so much to our country that  
14 they deserve property tax relief. The legislature further finds that  
15 persons who do not qualify for the exemption under RCW 84.36.381, but  
16 who earn less than fifty thousand dollars a year and own the same  
17 principal place of residence at least ten years, also deserve property  
18 tax relief.

1        NEW SECTION.    **Sec. 2.** A new section is added to chapter 84.36 RCW,  
2 to be codified between RCW 84.36.381 and 84.36.389, to read as follows:

3        (1)(a) For a person meeting the requirements of this section, the  
4 valuation of the person's residence is the assessed value of the  
5 residence on January 1st of the assessment year the person first  
6 qualifies under this section. If the person subsequently fails to  
7 qualify under this section only for one year because of high income,  
8 this same valuation shall be used upon requalification. If the person  
9 fails to qualify for more than one year in succession because of high  
10 income or fails to qualify for any other reason, the valuation upon  
11 requalification shall be the assessed value on January 1st of the  
12 assessment year in which the person requalifies.

13        (b) In no event may the valuation under this subsection be greater  
14 than the true and fair value of the residence on January 1st of the  
15 assessment year.

16        (c) This subsection does not apply to subsequent improvements to  
17 the property in the year in which the improvements are made.  
18 Subsequent improvements to the property shall be added to the value  
19 otherwise determined under this subsection at their true and fair value  
20 in the year in which they are made.

21        (2) To qualify for the exemption under this section, the person  
22 claiming the exemption must:

23        (a) Meet the requirements of RCW 84.36.381 (1) through (3);

24        (b) Have owned the residence to which the exemption will apply for  
25 the ten preceding calendar years beginning with the calendar year a  
26 claim for exemption is filed; and

27        (c) Have a combined disposable income of less than fifty thousand  
28 dollars.

29        (3) Combined disposable income shall be calculated in the same  
30 manner as provided in RCW 84.36.381(4).

31        **Sec. 3.** RCW 84.36.385 and 2001 c 185 s 8 are each amended to read  
32 as follows:

33        (1) A claim for exemption under RCW 84.36.381 (~~as now or hereafter~~  
34 ~~amended,~~) or section 2 of this act shall be made and filed at any time  
35 during the year for exemption from taxes payable the following year and  
36 thereafter and solely upon forms as prescribed and furnished by the  
37 department of revenue. However, an exemption from tax under RCW

1 84.36.381 or section 2 of this act shall continue for no more than four  
2 years unless a renewal application is filed as provided in subsection  
3 (3) of this section. The county assessor may also require, by written  
4 notice, a renewal application following an amendment of the income  
5 requirements set forth in RCW 84.36.381 or section 2 of this act.  
6 Renewal applications shall be on forms prescribed and furnished by the  
7 department of revenue.

8 (2) A person granted an exemption under RCW 84.36.381 or section 2  
9 of this act shall inform the county assessor of any change in status  
10 affecting the person's entitlement to the exemption on forms prescribed  
11 and furnished by the department of revenue.

12 (3) Each person exempt from taxes under RCW 84.36.381 (~~in 1993 and~~  
13 ~~thereafter,~~) or section 2 of this act shall file with the county  
14 assessor a renewal application not later than December 31 of the year  
15 the assessor notifies such person of the requirement to file the  
16 renewal application.

17 (4) (~~Beginning in 1992 and in each of the three succeeding~~  
18 ~~years,~~) The county assessor shall notify approximately one-fourth of  
19 those persons exempt from taxes under RCW 84.36.381 or section 2 of  
20 this act in the current year who have not filed a renewal application  
21 within the previous four years(~~)~~ of the requirement to file a  
22 renewal application. This requirement does not apply until 2011 for  
23 those persons exempt from taxes under section 2 of this act.

24 (5) If the assessor finds that the applicant does not meet the  
25 qualifications as set forth in RCW 84.36.381(~~as now or hereafter~~  
26 ~~amended~~) or section 2 of this act, the claim (~~or~~) for exemption  
27 shall be denied but such denial shall be subject to appeal under the  
28 provisions of RCW 84.48.010(5) and in accordance with the provisions of  
29 RCW 84.40.038. If the applicant had received exemption in prior years  
30 based on erroneous information, the taxes shall be collected subject to  
31 penalties as provided in RCW 84.40.130 for a period of not to exceed  
32 three years.

33 (6) The department and each local assessor is hereby directed to  
34 publicize the qualifications and manner of making claims under RCW  
35 84.36.381 through 84.36.389, through communications media, including  
36 such paid advertisements or notices as it deems appropriate. Notice of  
37 the qualifications, method of making applications, the penalties for  
38 not reporting a change in status, and availability of further

1 information shall be included on or with property tax statements and  
2 revaluation notices for all residential property including mobile  
3 homes, except rental properties.

4 **Sec. 4.** RCW 84.36.387 and 2003 c 53 s 408 are each amended to read  
5 as follows:

6 (1) All claims for exemption under RCW 84.36.381 or section 2 of  
7 this act shall be made and signed by the person entitled to the  
8 exemption, by his or her attorney in fact or in the event the residence  
9 of such person is under mortgage or purchase contract requiring  
10 accumulation of reserves out of which the holder of the mortgage or  
11 contract is required to pay real estate taxes, by such holder or by the  
12 owner, either before two witnesses or the county assessor or his or her  
13 deputy in the county where the real property is located(~~(:—PROVIDED,~~  
14 ~~That)~~). However, if a claim for exemption is made by a person living  
15 in a cooperative housing association, corporation, or partnership, such  
16 claim shall be made and signed by the person entitled to the exemption  
17 and by the authorized agent of such cooperative.

18 (2) If the taxpayer is unable to submit his or her own claim, the  
19 claim shall be submitted by a duly authorized agent or by a guardian or  
20 other person charged with the care of the person or property of such  
21 taxpayer.

22 (3) All claims for exemption and renewal applications shall be  
23 accompanied by such documented verification of income, and duration of  
24 ownership for claims for exemption under section 2 of this act, as  
25 shall be prescribed by rule adopted by the department of revenue.

26 (4) Any person signing a false claim with the intent to defraud or  
27 evade the payment of any tax is guilty of perjury under chapter 9A.72  
28 RCW.

29 (5) The tax liability of a cooperative housing association,  
30 corporation, or partnership shall be reduced by the amount of tax  
31 exemption to which a claimant residing therein is entitled and such  
32 cooperative shall reduce any amount owed by the claimant to the  
33 cooperative by such exact amount of tax exemption or, if no amount be  
34 owed, the cooperative shall make payment to the claimant of such exact  
35 amount of exemption.

36 (6) A remainderman or other person who would have otherwise paid  
37 the tax on real property that is the subject of an exemption granted

1 under RCW 84.36.381 or section 2 of this act for an estate for life  
2 shall reduce the amount which would have been payable by the life  
3 tenant to the remainderman or other person to the extent of the  
4 exemption. If no amount is owed or separately stated as an obligation  
5 between these persons, the remainderman or other person shall make  
6 payment to the life tenant in the exact amount of the exemption.

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